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History is past Politics and Politics present History—*Freeman*

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VOLUME VI

HISTORY OF COÖPERATION IN THE UNITED STATES

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INTRODUCTION.

BY RICHARD T. ELY, PH. D.

"If the improvement which even triumphant despotism has only retarded, not stopped, shall continue its course, there can be little doubt that the status of hired laborers will gradually tend to confine itself to the description of workpeople whose low moral qualities render them unfit for anything more independent: and that the relation of masters and workpeople will be gradually superseded by partnership in one of two forms: in some cases association of the laborers with the capitalist; in others, and perhaps finally in all, association of laborers among themselves. * * * So long as this idea remained in a state of theory, in the writings of Owen or of Louis Blanc, it may have appeared, to the common modes of judgment, incapable of being realized, and not likely to be tried unless by seizing on the existing capital, and confiscating it for the benefit of the laborers, which is even now imagined by many persons, and pretended by more, both in England and on the Continent, to be the meaning and purpose of Socialism. But there is a capacity of exertion and self-denial in the masses of mankind, which is never known but on the rare occasions on which it is appealed to in the name of some great idea or elevated sentiment. * * * What is now required is not to bolster up old customs, whereby limited classes of laboring people obtain partial gains which interest them in keeping up the present organization of society, but to introduce new general practices beneficial to all; and there is reason to rejoice at whatever makes the privileged classes of skilled artisans feel that they have the same interests, and depend for their remuneration on the same general causes, and must resort for the improvement of their condition to the same remedies as the less fortunately circumstanced and comparatively helpless multitude."

These sentences are quoted from the wonderful fourth book of John Stuart Mill's Principles of Political Economy, and follow his account of experiments in coöperation and profit-sharing in England and France twenty-five years ago. They serve as an appropriate opening of this introduction to the following chapters on coöperation in the United States.

The words of John Stuart Mill bring before the reader at once the significance which coöperation has always had for its most thoughtful promoters. Men like Thomas Hughes, Charles Kingsley, E. Vansittart Neale and Frederick Denison Maurice did not inaugurate the coöperative movement in England, which is identified with their names, and give to it strength, intellect and resources in rare devotion, because they hoped to bring about a state of things in which a few people could buy sugar for two farthings less per pound, or coal for a few pence less per ton. They had then in mind—as those of them who live, and their successors in the work, still have—something far different from a reduction of retail prices of groceries and dry-goods, which is all that coöperation seems to mean to many people. They contemplated a thorough-going reconstruction of industrial society, and while they adhered to Christian principles and deprecated violence, they objected to the methods of the old-fashioned trades-unionist as not sufficiently radical. It is this contemplated outcome of industrial evolution which renders the following chapters peculiarly interesting and instructive.

The only surprising thing about the appearances of studies like these is that they have been undertaken so late. With rare opportunties for the scientific investigation of economic phenomena, Americans have, until recently, given little attention to the inductive and statistical study of political economy. The habit of observation in this field of life has among us been cultivated only in the fewest instances, and the result has been that men have lived among the most extraordinary economic phenomena, and taken part in the most marvellous industrial revolutions without the faintest idea of their significance. Three causes for this readily occur to the mind:

1. Preoccupation with other things, especially with material progress in itself, regardless of its scientific aspects.

2. The undue ascendancy of deduction in social science. It is far easier to spin theories out of one's mind, and to indulge in sweeping dogmas, than to give one's self up to

patient investigation, as people are obliged to do in natural science.

3. The overweening conceit of economists. They have felt that they had nothing to learn, but had all the truth in their possession. It then only remained for them to enlighten the darkness of the masses. Economists forgot that they were students and became mere advocates.[1]

The present work makes it clear that we have in this country as remarkable instances of success in coöperation as can be found in Europe. The Minneapolis coopers are of as much significance as the Rochdale Pioneers, and profit-sharing in the Pillsbury mills is a more brilliant instance of successful profit-sharing than the case of the Briggs Brothers in England. It is to be hoped that the well-worn illustrations of coöperation found in old text-books may, in American newspapers and periodicals, make way for these fresher, and for us at least more valuable experiments, which have been so faithfully portrayed in the following pages.

It is worthy of notice that this work on coöperation in America has itself been prepared on the coöperative plan and is one of many recent instances of coöperation in literature. Five Johns Hopkins men divided the United States so that each might devote himself to a smaller territory and work it more carefully than would otherwise be possible. Now the results of their exertions are combined.[2]

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[1] This is well illustrated by the experience of a gentleman who attempted to organize a society for investigation of economic phenomena in a Western city, whose college graduates had, for the most part, been trained under the old deductive political economy. He writes me as follows: "The opinion prevails far too widely that political economists must be mere *doctrinaires* and must contend for some set of opinions and some course of policy. Critical study of phenomena is as unpopular as free-thinking in religion."

[2] It is proper to state that three of these studies, viz.: Those by Messrs. Shaw, Bemis and Warner, were originally published as monographs to the American Economic Association. They have been revised, and in some parts condensed, in others enlarged, for the present volume.

Dr. Shaw gives an excellent description of the most brilliant example of success in productive coöperation which this country affords, while Dr. Bemis possesses in New England a much older field, and presents the most careful and scholarly investigation of coöperation in that section of the Union yet prepared. The account of the causes of failure and of the conditions of success found in Dr. Bemis' contribution renders it peculiarly valuable as a practical guide to coöperators. If workingmen will but read it and reflect on its teachings, it will save them hundreds of thousands of dollars a year, and prevent much disappointment and bitterness.

Dr. Randall has investigated coöperation in the South, in which the conditions have only recently been such as to render it a practicable form of organization of industry, but the study of this "New South" is fruitful on account of peculiar conditions.

Mr. Warner has likewise a field which is new, but new in a different sense. The economic institutions of the West have not changed, as have those of the South, but it has only recently been settled by a civilized population. The Grange movement, which is treated in one of its aspects, exhibits curious and instructive phenomena which have never been the subject of satisfactory scientific research. The rapid growth and great strength of the Patrons of Husbandry demonstrate latent possibilities of popular combinations in our immense West, which may be expected to manifest themselves again and again in the future, though it is uncertain precisely what form they will take. There seems to be little reason to doubt that a new and powerful impetus will be given to some manner of coöperation by the West; and it is well for us to know what has already been done and what is now being done in this immense territory.

Mr. Shinn, of the *Overland Monthly*, who has traveled extensively on the Pacific coast, presents to us the results of his investigations in that section, and strengthens our faith in the possibilities of coöperation in the future, when

a denser population will give new motives for industrial combinations, and when we may hope, that in this country as elsewhere, gifted and generous men will offer their services to popular movements.

This work has an important bearing on the subject of corporations, for these various forms of coöperative enterprises are only one kind of corporation. It will be seen that the more democratic their constitution has been, the more successful has been their career. To protect the ordinary stockholder, and to prevent the monopolization of coöperative enterprises, it has at times been found necessary to limit the capital which one person may hold, and it has nearly always, both in this country and others, been found one of the first conditions of success to limit each stockholder's voting power to one vote, regardless of the number of shares he may own. Judge Merrick, of Washington, has suggested the adoption of the first measure for all corporations, but the limitation of voting powers seems more important. It is always the "small man" who is injured by the "large man," consequently the rich have nothing to fear. It would doubtless be difficult, in the history of corporations, or coöperative enterprises, to point to a single instance of an injury of large stockholders by a wilful and malicious combination of many small owners of stock.

Each contributor teaches some valuable lessons, but they all agree in this: One of the prime conditions of success of coöperation is moral integrity of the coöperators. The cause of failure is more frequently ethical than intellectual weakness. This is true of all popular movements and for the mass of men—however it may be with a few clever scoundrels—Christ uttered a scientific truth, confirmed by every careful and intelligent observation of economic phenomena, when he said, "Seek ye first the kingdom of God and His righteousness, and all these things [economic goods] shall be added unto you."